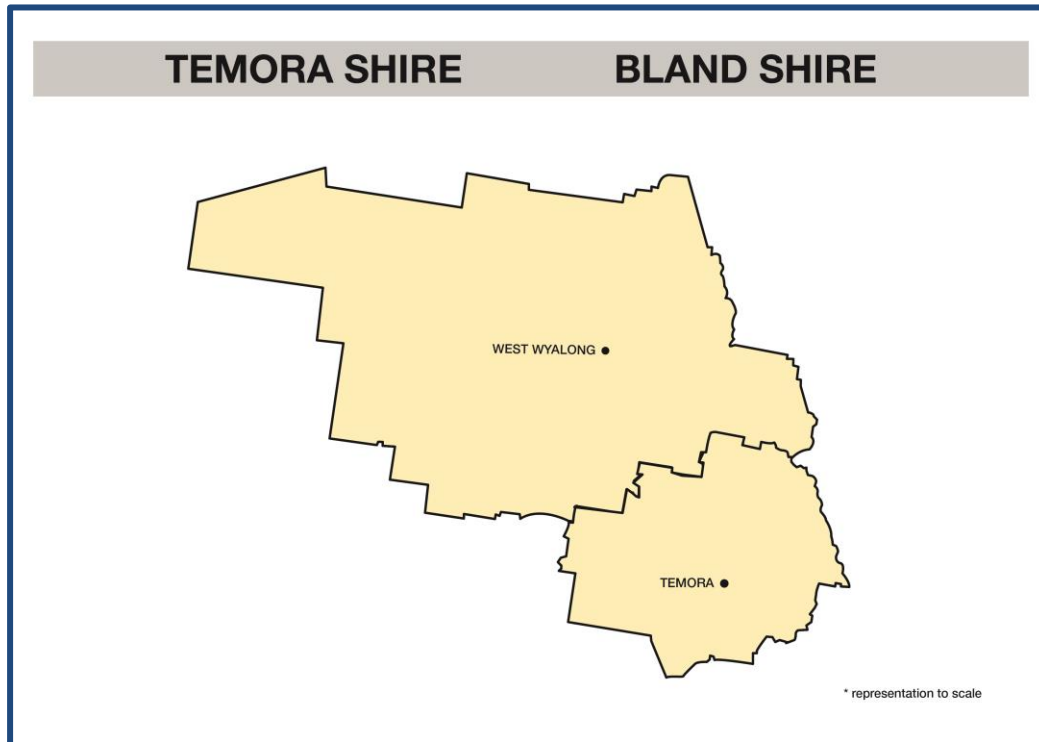


## ATTACHMENT A

### Evaluation of Merger Options - Temora Shire Council/ Bland Shire Council

#### MAP



#### Shire Details

Indicator	Bland Shire Council	Temora Shire Council
<b>Physical</b>		
Area (sq km)	8558	2802
Length of road (km)	3237	1530
<b>Demographic</b>		
Population	5994	6050
Population density	0.7	2.2
Population movement past year %	0.1	0.9
<b>Financial/Sustainability</b>		
TCorp FSR Rating	Weak	Sound
TCorp FSR Outlook	Neutral	Neutral
TCorp FSR Overlay	Weak	Sound
OLG Infrastructure audit	Strong	Strong
FTE Staff	115	86
Total operating income	22,674,000	17,064,000
Total operating expenses	25,363,000	16,591,000

## SWOT Analysis

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• Significant population base (12044)</li> <li>• Service commonality between communities</li> </ul>	<ul style="list-style-type: none"> <li>• Significant dilution of Temora Shire population density (1.06)</li> <li>• Lack of commonality of interest</li> <li>• Significant weakening of Temora Shire financial position placing in jeopardy the FFTF status</li> <li>• Large difficult to service area (11360 sq km)</li> <li>• Lessening of representation from elected members</li> <li>• Disjointed administrative arrangement</li> <li>• Unmanageable road network</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Reduction in staffing (although this is dependent on government policy)</li> <li>• Greater participation in RMS programs</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of identity for Temora Shire</li> <li>• Potential for smaller communities to become less relevant in a larger council</li> <li>• Loss of employment within communities</li> <li>• Difficulty in combining operations</li> <li>• Relatively poor financial position of Bland Shire Council</li> <li>• Loss of volunteerism</li> </ul>

## Financial Analysis of key performance ratios

This section provides a crude analysis of the impact on Temora Shire ratios based on current figures.

Financial Analysis - Merger of Temora & Bland Shires						
Operating Performance Ratio						
Benchmark: - Greater or equal to break-even average over 3 years						
Meets the FFTF Benchmark??			No	No	No	No
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Total Income from Continuing Operations - Temora	16,749,868	17,583,362	16,705,645	17,435,460	17,442,581	18,543,313
Total Income from Continuing Operations - Bland	19,374,663	19,538,081	19,845,901	20,406,082	20,761,423	21,124,747
Grants & Contributions Provided for Capital Purposes - Temora	531,110	583,500	54,000	342,500	65,000	695,000
Grants & Contributions Provided for Capital Purposes - Bland	1,090,358	1,113,433	1,138,622	1,164,441	1,190,906	1,218,032
Net Gain from the disposal of assets - Temora	41,879	254,105	207,681	247,568	163,368	238,485
Net Gain from the disposal of assets - Bland	-	-	-	-	-	-
Total Expenses from continuing operations - Temora	15,280,035	15,918,406	16,092,900	16,461,500	16,706,157	17,099,792
Total Expenses from continuing operations - Bland	22,991,082	22,203,382	22,686,749	23,073,831	23,494,123	24,220,344
Total Continuing Operating Revenue (excl. capital grants & contributions) less operating expenses	(3,809,933)	(2,951,383)	(3,628,406)	(3,448,298)	(3,415,550)	(3,803,593)
Total Continuing Operating Revenue (excl. capital grants & contributions)	34,461,184	35,170,405	35,151,243	36,087,033	36,784,730	37,516,543
<b>Formula Result</b>	-11.06%	-8.39%	-10.32%	-9.56%	-9.29%	-10.14%
<b>Formula Result - Average over 3 years</b>			-9.92%	-9.42%	-9.72%	-9.66%

<b>Own Source Revenue</b>						
Benchmark: - Greater than 60% average over 3 years						
<b>Meets the FFTF Benchmark??</b>			<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Total Income from Continuing Operations - Temora	16,749,868	17,583,362	16,705,645	17,435,460	17,442,581	18,543,313
Total Income from Continuing Operations - Bland	19,374,663	19,538,081	19,845,901	20,406,082	20,761,423	21,124,747
Grants & Contributions Provided for Operating Purposes - Temora	6,335,246	6,594,716	6,093,256	6,267,111	6,397,563	6,549,221
Grants & Contributions Provided for Operating Purposes - Bland	8,172,027	8,217,671	8,264,451	8,557,306	8,638,881	8,721,842
Grants & Contributions Provided for Capital Purposes - Temora	531,110	583,500	54,000	342,500	65,000	695,000
Grants & Contributions Provided for Capital Purposes - Bland	1,090,358	1,113,433	1,138,622	1,164,441	1,190,906	1,218,032
Net Gain from the disposal of assets - Temora	41,879	254,105	207,681	247,568	163,368	238,485
Net Gain from the disposal of assets - Bland	-	-	-	-	-	-
<b>Total Continuing Operating Revenue less all grants &amp; contributions</b>	<b>19,953,911</b>	<b>20,358,018</b>	<b>20,793,536</b>	<b>21,262,616</b>	<b>21,748,286</b>	<b>22,245,480</b>
<b>Total Continuing Operating Revenue inclusive of capital grants &amp; contributions</b>	<b>36,082,652</b>	<b>36,867,338</b>	<b>36,343,865</b>	<b>37,593,974</b>	<b>38,040,636</b>	<b>39,429,575</b>
<b>Formula Result</b>	<b>55.30%</b>	<b>55.22%</b>	<b>57.21%</b>	<b>56.56%</b>	<b>57.17%</b>	<b>56.42%</b>
<b>Formula Result - Average over 3 years</b>			<b>55.91</b>	<b>56.33</b>	<b>56.98</b>	<b>56.72</b>

## Financial Analysis - Merger of Temora & Bland Shires

### Own Source Revenue - FAGS Included

Benchmark: - Greater than 60% average over 3 years

#### Meets the FFTF Benchmark??

	Yes	Yes	Yes	Yes	Yes	
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Total Income from Continuing Operations - Temora	16,749,868	17,583,362	16,705,645	17,435,460	17,442,581	18,543,313
Total Income from Continuing Operations - Bland	19,374,663	19,538,081	19,845,901	20,406,082	20,761,423	21,124,747
Grants & Contributions Provided for Operating Purposes - Temora	6,335,246	6,594,716	6,093,256	6,267,111	6,397,563	6,549,221
FAGS - Temora	3,123,182	3,051,547	3,043,939	3,167,556	3,246,719	3,327,893
Grants & Contributions Provided for Operating Purposes - Bland	8,172,027	8,217,671	8,264,451	8,557,306	8,638,881	8,721,842
FAGS - Bland	6,612,754	6,612,754	6,612,754	6,612,754	6,645,817	6,679,046
Grants & Contributions Provided for Capital Purposes - Temora	531,110	583,500	54,000	342,500	65,000	695,000
Grants & Contributions Provided for Capital Purposes - Bland	1,090,358	1,113,433	1,138,622	1,164,441	1,190,906	1,218,032
Net Gain from the disposal of assets - Temora	41,879	254,105	207,681	247,568	163,368	238,485
Net Gain from the disposal of assets - Bland	-	-	-	-	-	-
<b>Total Continuing Operating Revenue, less all grants &amp; contributions except FAGS</b>	<b>29,689,847</b>	<b>30,022,319</b>	<b>30,450,229</b>	<b>31,042,926</b>	<b>31,640,822</b>	<b>32,252,419</b>
<b>Total Continuing Operating Revenue inclusive of capital grants &amp; contributions</b>	<b>36,082,652</b>	<b>36,867,338</b>	<b>36,343,865</b>	<b>37,593,974</b>	<b>38,040,636</b>	<b>39,429,575</b>
<b>Formula Result</b>	<b>82.28%</b>	<b>81.43%</b>	<b>83.78%</b>	<b>82.57%</b>	<b>83.18%</b>	<b>81.80%</b>
<b>Formula Result - Average over 3 years</b>			<b>82.50</b>	<b>82.60</b>	<b>83.18</b>	<b>82.52</b>



## Commentary

The possibility of a merger with Bland Shire Council was raised when the Independent Local Government Review Panel “the panel” indicated in its report that the options for Temora Shire Council were;

“Council in a JO or merge with Bland and/or Coolamon”

The option was not highlighted as a preferred option but council believed that due consideration and investigation should be given to the proposal to ensure the best possible outcome for our residents.

Temora Shire Council has evaluated the option of merging with Bland Shire Council and have held informal meetings at executive level to discuss the proposal. Given the significant opinion that such a merger would not be beneficial, the level of these discussions has not been of a detailed standard and hence both councils have decided to submit stand-alone proposals to the government.

The councils identified a number of areas where resource sharing is currently occurring and opportunities were discussed to identify further areas of cooperation. Neither council has exclusive or dominant arrangements with the other and each has a network of other agreements with varying councils. It was believed that no benefit, in terms of an already excellent working relationship would be evident in a merged entity.

Financially there are issues with the position of Bland Shire Council, as identified by TCorp that would have a detrimental effect on the finances of Temora Shire Council. Preliminary financial data analysis indicates a worsening of the critical ratios by a merged entity.

Socially, there is a great deal of synergy between the communities of the two councils. In terms of health and commerce, Temora is viewed by many residents of Bland Shire Council as a service centre. With the major regional centre being Wagga Wagga, residents of Bland Shire travel through Temora to access high level health, commercial, educational, transport and government services.

Consultation with our community has provided council with a clear indication that the residents of Temora Shire Council do not believe there are any benefits from a merger. A community survey conducted in May 2015, and completed by 656 residents, indicated that 96.19% believed that council should stand alone and not merge. Interestingly, when asked if council were forced to merge, Bland Shire Council were the least favoured option of the five adjoining councils.

The sheer geographic size of Bland Shire (8558 sq km) is a major disincentive to merger. A merged entity would provide a driving distance from the extremities in excess of 200 km, making the provision of services difficult. Additionally the road network of Bland Shire (3237 km) is verging on unsustainable and not a burden Temora Shire Council would consider acceptable.

At a council level, there are good working relationships in a number of areas including REROC, Riverina Regional Library Service, Family Day Care, Rural Fire Service. It should be noted that most of the major relationships are not exclusive to the two councils.

Given the lack of empirical evidence to suggest that a merger would benefit Temora Shire Council, this option has been rejected by Council.



24 June 2015

Mr. GC Lavelle  
General Manager  
Temora Shire Council  
PO Box 262  
Temora NSW 2666

Dear Gary

**Fit for the Future – Council Submission**

Bland Shire Council, in the Final Report of the NSW Independent Local Government Review Panel, was identified as a Group D council in a Riverina JO or merge with Coolamon and/or Temora Councils and with a 'medium' rating for such a merger.

I can now advise that, following extensive investigations into all of the possible options, Bland Shire Council has resolved to complete Template 2 under the Fit for the Future framework which is the Council Improvement Proposal.

The results of a recent community survey, which will be included in council's submission to IPART, showed that 84% of respondents are overwhelmingly committed to keeping the status quo and remaining a standalone Shire.

In addition to this, the extensive investigation into the benefits of a council merger with Coolamon and/or Temora has clearly shown that there are no identifiable economic, social or community advantages in such a merger.

The recent release of the REROC report on **Achieving Strategic Capacity** also supports this council's view that Bland Shire Council can remain financially sustainable well into the future and will continue to work cooperatively with its immediate neighbouring councils and the wider array of councils in the Riverina.

Like you, I to look forward to continuing our good working relationship and to working collaboratively for the benefit of our communities.

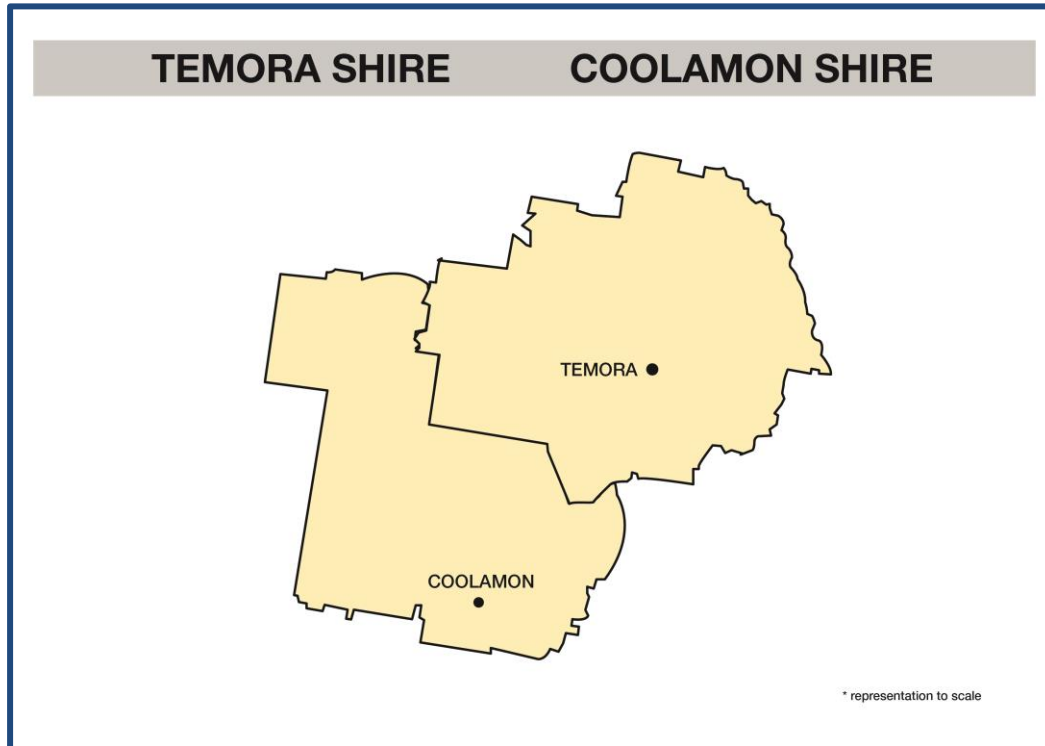


Ray Smith  
General Manager



## Evaluation of Merger Options - Temora Shire Council/ Coolamon Shire Council

### MAP



### Shire Details

Indicator	Coolamon Shire Council	Temora Shire Council
<b>Physical</b>		
Area (sq km)	2430.9	2802
Length of road (km)	1200	1530
<b>Demographic</b>		
Population	4308	6050
Population density	1.8	2.2
Population movement past year %	0.7	0.9
<b>Financial/Sustainability</b>		
TCorp FSR Rating	Sound	Sound
TCorp FSR Outlook	Negative	Neutral
TCorp FSR Overlay	Moderate	Sound
OLG Infrastructure audit	Very Weak	Strong
FTE Staff	63	86
Total operating income	11,682,000	17,064,000
Total operating expenses	11,626,000	16,591,000

## SWOT Analysis

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• Improved population base (10,358)</li> <li>• Good working relationship between the councils</li> </ul>	<ul style="list-style-type: none"> <li>• Weakening of Temora Shire financial position placing in jeopardy the FFTF status</li> <li>• Coolamon Shire has several population bases unlike Temora which has 1 major centre containing &gt; 70% of population</li> <li>• Lessening of representation from elected members</li> <li>• Disjointed administrative arrangements</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Reduction in staffing (although this is dependent on government policy)</li> <li>• Increase in service levels (although this could be achieved by resource sharing)</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of identity for Councils &amp; community</li> <li>• Potential for smaller communities to become less relevant in a larger council</li> <li>• Loss of employment within communities</li> <li>• Difficulty in combining operations (rating, service levels etc)</li> <li>• Loss of existing arrangements (eg rural fire zones)</li> <li>• Loss of community volunteering</li> <li>• Community perception of inequity</li> </ul>

## Financial Analysis of key performance indicators

This section provides a crude analysis of the impact on Temora Shire ratios based on current figures.

Financial Analysis - Merger of Temora & Coolamon Shires						
Operating Performance Ratio						
Benchmark: - Greater or equal to break-even average over 3 years						
Meets the FFTF Benchmark??			Yes	Yes	Yes	Yes
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Total Income from Continuing Operations - Temora	16,749,868	17,583,362	16,705,645	17,435,460	17,442,581	18,543,313
Total Income from Continuing Operations - Coolamon	11,207,343	11,386,837	11,404,707	11,503,914	11,686,418	11,997,828
Grants & Contributions Provided for Capital Purposes - Temora	531,110	583,500	54,000	342,500	65,000	695,000
Grants & Contributions Provided for Capital Purposes - Coolamon	348,000	276,000	258,000	244,000	237,000	227,000
Net Gain from the disposal of assets - Temora	41,879	254,105	207,681	247,568	163,368	238,485
Net Gain from the disposal of assets - Coolamon	86,000	254,000	146,000	111,000	100,000	100,000
Total Expenses from continuing operations - Temora	15,280,035	15,918,406	16,092,900	16,461,500	16,706,157	17,099,792
Total Expenses from continuing operations - Coolamon	10,336,774	10,561,712	10,822,326	10,959,144	11,136,776	11,404,262
Total Continuing Operating Revenue (excl. capital grants & contributions) less operating expenses	1,333,413	1,122,476	529,445	573,662	720,698	776,602
Total Continuing Operating Revenue (excl. capital grants & contributions)	26,950,222	27,602,594	27,444,671	27,994,306	28,563,631	29,280,656
<b>Formula Result</b>	4.95%	4.07%	1.93%	2.05%	2.52%	2.65%
<b>Formula Result - Average over 3 years</b>			3.65%	2.68%	2.17%	2.41%

<b>Own Source Revenue</b>						
Benchmark: - Greater than 60% average over 3 years						
<b>Meets the FFTF Benchmark??</b>			<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Total Income from Continuing Operations - Temora	16,749,868	17,583,362	16,705,645	17,435,460	17,442,581	18,543,313
Total Income from Continuing Operations - Coolamon	11,207,343	11,386,837	11,404,707	11,503,914	11,686,418	11,997,828
Grants & Contributions Provided for Operating Purposes - Temora	6,335,246	6,594,716	6,093,256	6,267,111	6,397,563	6,549,221
Grants & Contributions Provided for Operating Purposes - Coolamon	6,338,054	6,357,666	6,382,266	6,406,854	6,471,430	6,535,992
Grants & Contributions Provided for Capital Purposes - Temora	531,110	583,500	54,000	342,500	65,000	695,000
Grants & Contributions Provided for Capital Purposes - Coolamon	348,000	276,000	258,000	244,000	237,000	227,000
Net Gain from the disposal of assets - Temora	41,879	254,105	207,681	247,568	163,368	238,485
Net Gain from the disposal of assets - Coolamon	86,000	254,000	146,000	111,000	100,000	100,000
<b>Total Continuing Operating Revenue less all grants &amp; contributions</b>	<b>14,276,922</b>	<b>14,650,212</b>	<b>14,969,149</b>	<b>15,320,341</b>	<b>15,694,638</b>	<b>16,195,443</b>
<b>Total Continuing Operating Revenue inclusive of capital grants &amp; contributions</b>	<b>27,829,332</b>	<b>28,462,094</b>	<b>27,756,671</b>	<b>28,580,806</b>	<b>28,865,631</b>	<b>30,202,656</b>
<b>Formula Result</b>	51.30%	51.47%	53.93%	53.60%	54.37%	53.62%
<b>Formula Result - Average over 3 years</b>			52.23	53.00	53.97	53.87

## Financial Analysis - Merger of Temora & Coolamon Shires

### Own Source Revenue - FAGS Included

Benchmark: - Greater than 60% average over 3 years

#### Meets the FFTF Benchmark??

							Yes	Yes	Yes	Yes
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20				
Total Income from Continuing Operations - Temora	16,749,868	17,583,362	16,705,645	17,435,460	17,442,581	18,543,313				
Total Income from Continuing Operations - Coolamon	11,207,343	11,386,837	11,404,707	11,503,914	11,686,418	11,997,828				
Grants & Contributions Provided for Operating Purposes - Temora	6,335,246	6,594,716	6,093,256	6,267,111	6,397,563	6,549,221				
FAGS - Temora	3,123,182	3,051,547	3,043,939	3,167,556	3,246,719	3,327,893				
Grants & Contributions Provided for Operating Purposes - Coolamon	6,338,054	6,357,666	6,382,266	6,406,854	6,471,430	6,535,992				
FAGS - Coolamon	3,076,433	3,076,433	3,076,433	3,076,433	3,107,197	3,138,269				
Grants & Contributions Provided for Capital Purposes - Temora	531,110	583,500	54,000	342,500	65,000	695,000				
Grants & Contributions Provided for Capital Purposes - Coolamon	348,000	276,000	258,000	244,000	237,000	227,000				
Net Gain from the disposal of assets - Temora	41,879	254,105	207,681	247,568	163,368	238,485				
Net Gain from the disposal of assets - Coolamon	86,000	254,000	146,000	111,000	100,000	100,000				
<b>Total Continuing Operating Revenue, less all grants &amp; contributions except FAGS</b>	<b>20,476,537</b>	<b>20,778,192</b>	<b>21,089,521</b>	<b>21,564,330</b>	<b>22,048,554</b>	<b>22,661,605</b>				
<b>Total Continuing Operating Revenue inclusive of capital grants &amp; contributions</b>	<b>27,829,332</b>	<b>28,462,094</b>	<b>27,756,671</b>	<b>28,580,806</b>	<b>28,865,631</b>	<b>30,202,656</b>				
<b>Formula Result</b>	<b>73.58%</b>	<b>73.00%</b>	<b>75.98%</b>	<b>75.45%</b>	<b>76.38%</b>	<b>75.03%</b>				
<b>Formula Result - Average over 3 years</b>			<b>74.19</b>	<b>74.81</b>	<b>75.94</b>	<b>75.62</b>				



## Commentary

The possibility of a merger with Coolamon Shire Council was raised when the Independent Local Government Review Panel “the panel” indicated in its report that the options for Temora Shire Council were;

“Council in a JO or merge with Bland and/or Coolamon”

The option was not highlighted as a preferred option but council believed that due consideration and investigation should be given to the proposal to ensure the best possible outcome for our residents.

Temora Shire Council has evaluated the option of merging with Coolamon Shire Council and have held meetings at executive level to discuss the proposal. Both councils have reviewed all the issues regarding a potential merger and despite a great deal of common ground have decided to submit stand-alone proposals to the government.

The councils identified a number of areas where resource sharing is currently occurring and opportunities were discussed to identify further areas of cooperation. Neither council has exclusive or dominant arrangements with the other and each has a network of other agreements with varying councils. It was believed that no benefit, in terms of an already excellent working relationship would be evident in a merged entity.

Financially both organisations are sound and in the belief of both organisations, Fit for the Future. Preliminary financial data analysis indicates a worsening of the critical ratios by a merged entity.

Socially, there is a great deal of synergy between the communities of the two councils. The organisations however are very different. Temora Shire Council has a dominant population centre (Temora) in which approximately 70% of the shire population resides. Conversely, Coolamon Shire Council has a far less dominant main town (Coolamon) and a number of smaller towns and villages (Ardlethan, Ganmain, Marrar, Matong and Beckom). This provides a number of challenges for the respective communities with no solution evident in a proposed merger.

Consultation with our community has provided council with a clear indication that the residents of Temora Shire Council do not believe there are any benefits from a merger. A community survey conducted in May 2015, and completed by 656 residents, indicated that 96.19% believed that council should stand alone and not merge. Interestingly, when asked if council were forced to merge, Coolamon Shire Council were the favoured option of the five adjoining councils.

At a council level, there are excellent working relationships in a number of areas including internal audit, REROC, Riverina Regional Library Service, Riverina Eastern Noxious Weeds Authority. It should be noted that none of the major relationships are exclusive to the two councils.

Given the lack of empirical evidence to suggest that a merger would benefit Temora Shire Council, this option has been rejected by Council.

Please contact Mr Tony Donoghue

Council Ref. TD:GOB:L.05-05 (SC275)

Your Ref.

15 May 2015



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F: 02 6927 3168

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W: [www.coolamon.nsw.gov.au](http://www.coolamon.nsw.gov.au)

ABN: 32 573 173 265

Mr Gary Lavelle  
General Manager  
Temora Shire Council  
P O Box 262  
TEMORA NSW 2666



Dear Gary

**RE: LOCAL GOVERNMENT REFORM  
FIT FOR THE FUTURE**

In view of the recent developments around Local Government Reform, in particular IPART's 'Methodology for Assessment of Councils Fit for the Future Proposals', Coolamon Shire Council would like to formally record our intention to remain as an Independent Local Government Authority.

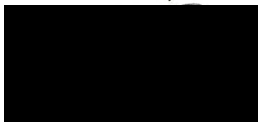
It is noted that the Councils of Coolamon, Bland and Temora were included as a possible merger in the ILGRP report. Whilst our Councils have held numerous informal discussions in regard to this matter and the process involved, it is Coolamon's intentions to continue to serve our Communities as a Stand Alone Council.

Coolamon Shire Council has consulted with its Communities and the response has been overwhelming that Coolamon Shire should maintain its independence. This together with some minor changes to our financial management and service delivery will see us in a strong and robust position.

We believe, as you do, that we meet the intentions of the Fit for Future proposals and can continue to provide our Communities with value for money services and infrastructure. Not to mention the representation and commitment that we give to all our Communities to ensure their long term survival.

Coolamon Shire Council would like to thank you for your open and honest discussions in regard to this matter, and formally advise you that it is Coolamon Shire Council's intention that in order to service their communities appropriately, will be submitting a Rural Council Proposal as an option available for Group C Councils.

Yours sincerely



Tony Donoghue  
General Manager

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*big enough to serve small enough to care*

Ardlethan - Beckom - Coolamon - Ganmain - Marrar - Matong